EXHIBIT 3

ADM
Corn Processing

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Martin A. Lyons
Eastern Marketing Manager
ETHANOL

December 28, 1994

Tom Martenak
Mobil Oil Corporation
3225 Gallows Road
Fairfax, VA 22037-0001

Dear Tom:

The attached article headlines the primary reason major brand marketers are switching from MTBE to ethanol in RFG areas.

Plain and simple - it is price.

The ethanol blend margins available in the eastern RFG markets is $.0370/gallon. The attached economic comparison is applicable to any new market program.

Archer Daniels Midland is positioned to assist your switch to lower cost RFG today. We have the distribution infrastructure in place to deliver your oxygenate requirements by truck, rail, or barge. Also, we are prepared to contract supply and price that provides substantial savings immediately.

We look forward to working with you in the coming year.

Sincerely,

Marty Lyons

Marty Lyons
Eastern Marketing Manager

ML:vsm
Enclosure

DEPOSITION EXHIBIT
Renna 18

XOM-MT00920-002065

The Oil Daily

Tuesday, December 20, 1994 Volume 44, No. 243

Midwest Refiners Prepare to Abandon MTBE for Ethanol Price Advantage

By Alan Kovski
Oil Daily Staff Writer

WASHINGTON — Ethanol has gained such a price advantage over methyl tertiary butyl ether (MTBE) that refiners in the Midwest apparently are preparing to switch to ethanol for reformulated and other oxygenated gasolines.

And the price advantage holds true despite the downward drift of MTBE prices — low enough to trigger cutbacks in output at some U.S. plants.

MTBE still was the primary oxygenate listed for reformulation at terminals in the Chicago area last week, but that will not last, said Bill Ludlow, a vice president at DeWitt & Co. Inc.

Ethanol can provide a price advantage of 7¢-8¢/gallon in the Midwest, he said.

Amoco Corp. has said it will switch soon to ethanol for its regular gasoline in the Midwest, while keeping MTBE in its midgrade and premium gasolines. Sources indicated Shell Oil Co. and Mobil Corp. will do the same.

And once those three switch, the smaller companies will be forced to switch to compete, Ludlow and others said.

Marathon Oil Co. has said it will make ethyl tertiary butyl ether (ETBE) at its Robinson, Ill., refinery. Ashland Oil Inc. is another supplier of ethanol-blended gasoline, and one observer suggested both Ashland and Koch Industries Inc. may follow Marathon's lead and produce ETBE.

That would still leave such prominent companies as Phillips Petroleum Co., Citgo Petroleum Corp. and Uno-Ven Co. as suppliers of MTBE-blended gasoline, unless they are forced to follow the competition.

At the same time, MTBE demand is taking a hit from Pennsylvania's deci-

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Midwest...

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sion to take 28 counties out of the reformulation program and the fear that more areas will do the same. Pennsylvania's decision will wipe out about 17,000 b/d of MTBE demand.

That lost demand probably will cut imports, Ludlow said.

MTBE's price has slipped to 94¢-95¢/gallon in the spot market. One industry observer said many producers of the oxygenate were bailing out of the spot market and meeting only contractual commitments on MTBE.

Several U.S. companies are even looking at closing MTBE units, because feedstock methanol prices are not moving down with MTBE prices, he said.

Methanol contract prices, at $1.50-$1.55/gallon, may have reached their peak for now, that observer added. He had heard that planned price increases for January may be abandoned.

The price of ethanol — made in the United States from corn — has been running about $1.30-$1.40/gallon, but the federal government gives ethanol a 54¢/gallon tax break, and several states also provide tax breaks.

Oxygen-bearing compounds are needed in smog-fighting reformulated gasoline and the oxygenated-fuels program, which is used to cut carbon monoxide pollution. Analysts expected ethanol to be the dominant oxygenate in the corn-growing Midwest.

Once ethanol swamps the Chicago and Milwaukee reformulation markets while taking its share of other Midwest sectors — such as reformulated sections of Kentucky and established "gasohol" markets — there still should be enough left over for some other U.S. demand and for export to ethanol-hungry Brazil, one source said.

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Ethanol / MTBE Economic Comparison @ 5.7%

RFG-Northeast

12/27/94

GASOLINE VALUES

MTBE			ETHANOL				
87- Octane	=	.4700	87-Octane	.4700		=	.4700
89- Octane	=	.4850	89-Octane	.4850		=	.4850
93- Octane	=	.5025	93-Octane	.5025		=	.5025
* MTBE Delivered	=	.9850	*Ethanol Delivered	1.4350 -	.5400	=	.8950
			Spot MTBE +	*.4500*			

.9450 Spot Average GC MTBE
.0400 Pipe Freight & TP from Gulf Coast
.9850 MTBE Dlvd

MTBE			Ethanol			Savings
87 - Octane			87 - Octane			
88%	87 =	.4136	94.3%	87 =	.4432	
12%	MTBE =	.1182	5.7%	Ethanol	.0510	
	Total Cost =	.5318		Total Cost =	.4942	.0376
89 - Octane			89 - Octane			
88%	89 =	.4268	94.3%	89 =	.4574	
12%	MTBE =	.1182	5.7%	Ethanol	.0510	
	Total Cost =	.5450		Total Cost =	.5084	.0366
93 - Octane			93 - Octane			
88%	93 =	.4422	94.3%	93 =	.4739	
12%	MTBE =	.1182	5.7%	Ethanol	.0510	
	Total Cost =	.5604		Total Cost =	.5249	.0355

			Margin			
87	65%	X	.0376	=	.0244	
89	15%	X	.0366	=	.0055	
93	20%	X	.0355	=	.0071	
					.0370	Pooled Savings

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